

# Memorandum

To: CHAIR AND COMMISSIONERS

Meeting Date: May 12-13, 2004

Reference No.: 2.5e.  
Action Item

From: ROBERT L. GARCIA  
Chief Financial Officer

Prepared by: Jim Nicholas  
Division Chief  
Transportation Programming

Ref: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS**  
**RESOLUTION FA-03-07**

## **RECOMMENDATION:**

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve the following Resolution.

## **FINANCIAL RESOLUTION:**

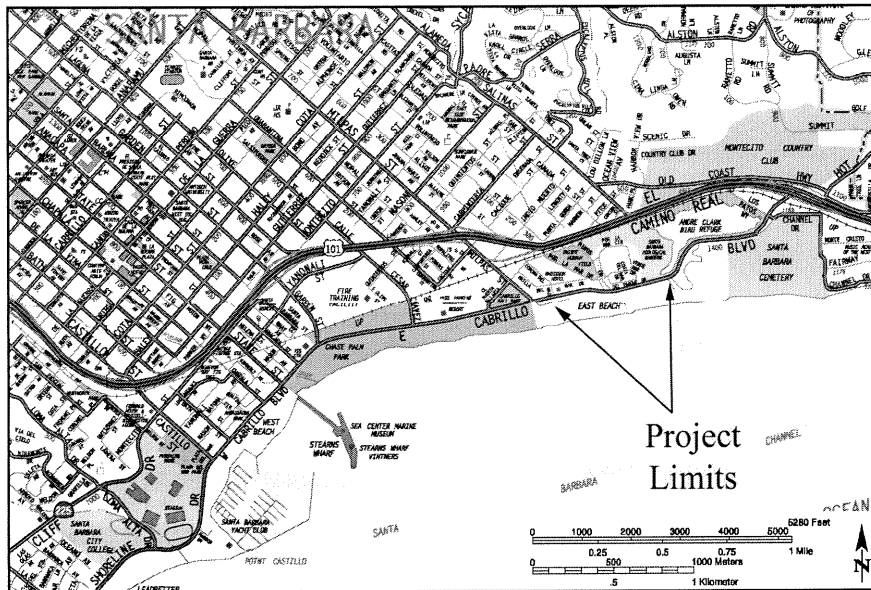
Resolved that \$1,534,000 be allocated from the Budget Act of 2003, from Budget Act Items 2660-302-0042 and 2660-302-0890 to provide additional funds for the projects listed below.

## **SUMMARY AND CONCLUSIONS:**

This resolution allocates \$1,534,000 of additional State and Federal funds for four (4) previously approved projects listed:

Project	Dist-Co-Rte	Original Vote/G11 Amount	Award Amount	Current Budget Amount	Current Allocation Revision	Revised Budget Amount	Total Increase Vote/Award
1	5-SB-225	\$1,200,000	\$1,311,500	\$1,311,500	\$754,000	\$2,065,500	72% V
2	10-Ama-88	\$1,223,000	\$1,223,000	\$1,223,000	\$333,000	\$1,556,000	27% V
3	10-SJ-5505	\$3,964,000	\$3,315,000	\$3,846,000	\$295,000	\$4,141,000	25% A
4	11-SD-805	\$1,460,000	\$1,582,000	\$1,737,000	\$152,000	\$1,889,000	29% V

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA PPNO Budget Year Item # Prgm Codes Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
<b>2.5e Supplemental Funds for Previously Voted Projects</b>			<b>Resolution: FA-03-07</b>		
1 \$754,000 Department of Transportation Santa Barbara 05U-SB-225 6.3/6.7	At Sycamore Creek, Bridge # 51-132. Bridge replacement.  Supplemental funds are needed to close out the construction contract.	339101 0250 1994/95 301-0042 301-0890 20.20.205.221 SHOPP  2002/03 302-0042 302-0890 20.20.201.110 SHOPP  2003/04 302-0042 302-0890 20.20.201.110 SHOPP	   \$190,933 \$978,126   \$19,567 \$122,874  \$121,000 \$633,000 \$1,311,500	        \$121,000 \$633,000 \$754,000	   \$190,933 \$978,126   \$19,567 \$122,874  \$121,000 \$633,000 \$2,065,500



### PROJECT DESCRIPTION

This project is located in Santa Barbara County in Santa Barbara on Route 225. The highway in this area is a four-lane road with four-foot shoulders. This project consists of removing the existing Sycamore Creek Bridge (Br. No. 51-0132) and replacing it with a single span concrete slab bridge and placing new asphalt-concrete approaches on Route 225.

### FUNDING STATUS

This SHOPP (State Highway Operation and Protection Program) project was allocated \$1,200,000 for construction in FY 1995-96. The project was awarded in February 1996 for \$1,311,500 after applying additional Resolution #G-12 allocations. This request for \$754,000 in additional funds results in an overall cost increase of 72% over the vote amount of the project.

### REASON FOR INCREASE

The construction of this project was completed and accepted on April 21, 1998. On July 13, 1999, the contractor submitted claims totaling \$1,122,169 in the Exceptions to the Proposed Final Estimate (PFE). Some of the claims included extra costs associated with construction staging, home and field office overhead, and differing site conditions. The Department followed the Claims Resolution process as described in Section 9-1.07B "Final Payment and Claims" of the Standard Specifications. The Board of Review was not able to resolve the contractor's claims and the Contractor then filed for Arbitration.

On February 17, 2004, the arbitration award approval was issued to C. A. Rasmussen Incorporated the sum of \$897,567 including interests. Although this amount was reduced through the remaining project funds, additional funds are still needed in order to close out this project.

### FUNDING OPTIONS

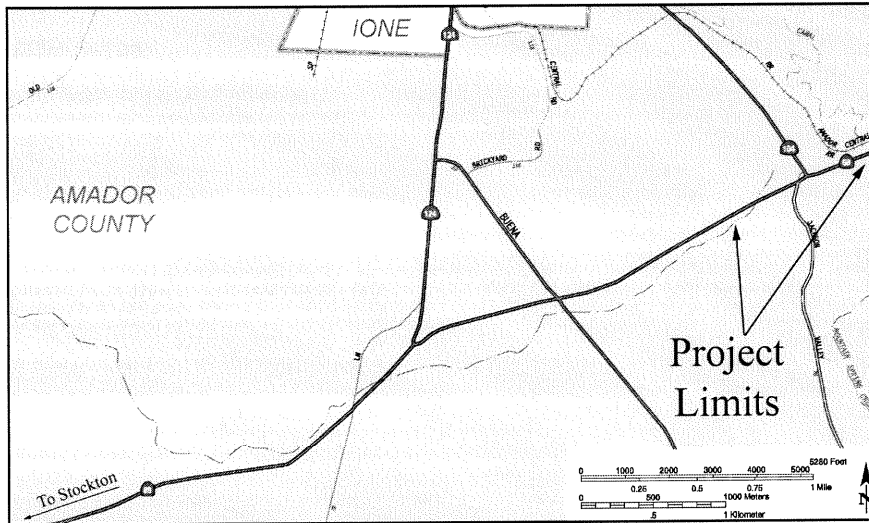
OPTION A: Approve this request as presented above for \$754,000 to allow the close-out of this project.

OPTION B: Since all work has been completed and the contract is accepted, denial of this request would most likely result in the contractor pursuing further legal actions to recuperate the cost. The future costs to resolve these issues would most likely be greater than the current request.

### RECOMMENDED OPTION

The Department recommends OPTION A, as presented above for \$754,000, to allow the close-out of this project.

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<b>2.5e Supplemental Funds for Previously Voted Projects</b>			<b>Resolution: FA-03-07</b>		
2 \$333,000 Department of Transportation Amador 10N-Ama-88 7.1/7.7	Near Ione. Realign the Upper Jackson Valley Road and Route 104 intersections with Route 88.  Supplemental funds are needed to award the construction contract.	1A6701 2349 2003/04 302-0042 302-0890 20.20.201.010 SHOPP	   \$122,000 \$1,101,000  \$1,223,000	   \$34,000 \$299,000  \$333,000	   \$156,000 \$1,400,000  \$1,556,000



### PROJECT DESCRIPTION

This project is located in Amador County near the city of Ione. This safety project will improve the existing intersection on Route 88 by realigning Upper Jackson Valley Road and Route 104 to connect directly across from one another. A left turn lane on Route 88 will be provided. Additionally, shoulders will be widened to meet current standards on the state facilities.

### FUNDING STATUS

The project was programmed in the 2002 SHOPP for \$1,028,000 for construction in FY 2003-04. In January 2004, funds were allocated for \$1,223,000 with the increase primarily due to inclusion of stormwater items. Bid results were opened on March 17, 2004. An additional \$333,000 is needed to award this contract to the low bidder. This request for \$333,000 in supplemental funds results in an overall increase of 27% over the vote amount for this project.

REASON FOR INCREASE

The contract bids were opened on March 17, 2004. Six bids were received for this project with the lowest bid being 31 percent higher than the Engineer's Estimate. There is no reason to expect that lower bids would result from re-advertisement of the project since the next two low bids were one and two percent above the lowest bid, and the highest bid was only ten percent above the lowest bid.

According to the low bidder, the existing State Route 88 is a heavily traveled two lane rural highway that will require additional funds for traffic control. The cost of roadway excavation was higher than estimated due to the construction staging, and to the lack of earthwork storage area, which would require double handling of some excavated material. The bid was also higher for, among others, the imported borrow, drainage work, and traffic monitoring. Although allowances were included in the Engineer's Estimate for consideration of these factors, the contractor's bid contained costs significantly higher than anticipated. An additional \$333,000 in supplemental funds is needed in order to award this project.

FUNDING OPTIONS

OPTION A: Approve this request as presented above for \$333,000 to allow this project to be awarded.

OPTION B: Deny this request and direct the Department to deliver the project within the current allocation. The Department considered this option and determined that reducing the scope of work of this project and executing another project to complete the deleted work later would result in greater costs and more disruption to the traveling public.

RECOMMENDED OPTION

The Department recommends that this request for \$333,000, as presented in Option A above, be approved to allow this project to be awarded.

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<b>2.5e Supplemental Funds for Previously Voted Projects</b>			<b>Resolution: FA-03-07</b>		
3 \$295,000 Department of Transportation San Joaquin 10N-SJ-5505	In Stockton, Shop 10 facility. Construct new District 10 equipment shop.  Supplemental funds are needed to close out the construction contract.	365101 0721B 1997/98 301-0042 301-0890 20.20.204.111 SHOPP  1998/99 301-0042 301-0890 20.20.201.351 SHOPP  2003/04 302-0042 302-0890 20.20.201.351 SHOPP	\$3,465,000 -  \$381,000 -  \$3,846,000	\$295,000 -  \$295,000	\$3,465,000   \$381,000 -  \$4,141,000



### PROJECT DESCRIPTION

This project is located in San Joaquin County in Stockton at the Shop 10 facility and consisted of demolishing existing storage and office building; constructing a new equipment shop and wash rack with canopy; and remodeling existing shop building. This project was constructed to improve the service provided by the District 10 equipment repair shop to the region, and to comply with new codes governing equipment shop operations.

FUNDING STATUS

This SHOPP (State Highway Operation and Protection Program) project was allocated \$3,964,000 for construction in FY 1997-98. The project was awarded in June 1998 to C & C Construction, Incorporated for \$3,315,000. Additional Resolution #G-12 allocations totaling \$531,000 were also used to fund additional contract change orders. This request for \$295,000 in additional funds results in an overall cost increase of 25% over the awarded amount of the project.

REASON FOR INCREASE

The construction of this project was completed and accepted on June 27, 2002. On January 9, 2003, the contractor submitted claims totaling \$954,508 in Exceptions to the Proposed Final Estimate (PFE). Some of the claims included extra costs associated with contaminated soil discovered during excavation for the remodel phase of this contract, and for additional field office expense. The contractor claimed that the discovery and subsequent soil removal caused delays to the progress of the contract work. Furthermore, the contract plans for the remodel work of the existing Shop 10 were revised to accommodate changes in building codes and further delayed the progress of work.

Upon receiving the contractor's exceptions to the PFE, subsequent review and analysis of the contractor's actual production rate for the construction operation, and the building site conditions, it was determined by the Department that some of the claims are warranted. This supplemental funds request is necessary to pay the contractor for claims settlement. The contractor has completed the construction work and an additional \$295,000 is needed to close out this contract.

FUNDING OPTIONS

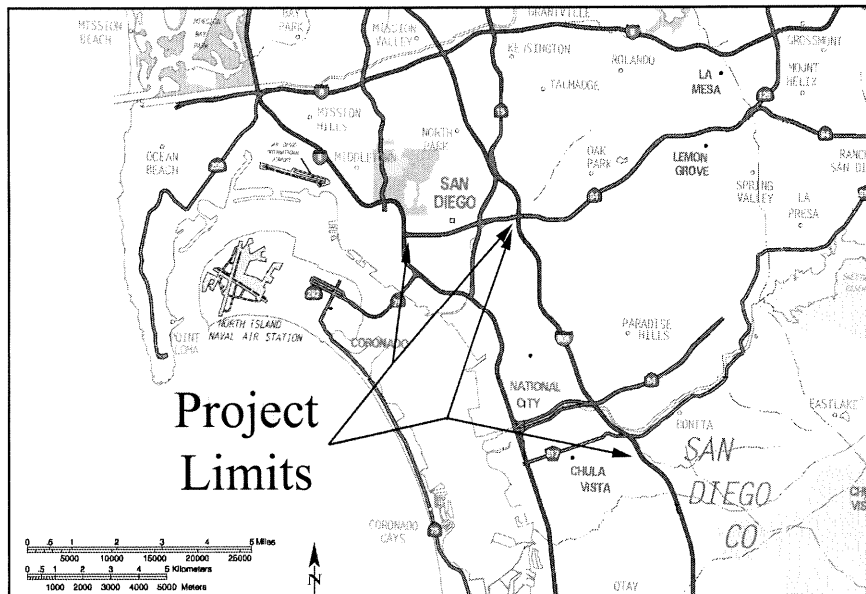
OPTION A: Approve this request as presented above for \$295,000 to allow payment of the approved claims settlement amount, including interests.

OPTION B: Since all work has been completed and the contract was accepted, denial of this request would most likely result in the contractor pursuing further legal actions to recuperate the cost. The future costs to resolve these issues would most likely be greater than the current request.

RECOMMENDED OPTION

The Department recommends OPTION A, as presented above for \$295,000, to allow the close-out of this project.

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4 \$152,000 Department of Transportation San Diego 11S-SD-805 7.0/13.0	In Chula Vista, National City and San Diego on Route 805 and on Route 94. Pavement rehabilitation.  Supplemental funds are needed to close out the construction contract.	2282U1 0418 1999/2000 302-0042 302-0890 20.20.201.120 SHOPP  2003/04 302-0042 302-0890 20.20.201.120 SHOPP	   \$173,500 \$1,563,500     \$1,737,000	      \$16,000 \$136,000  \$152,000	   \$173,500 \$1,563,500    \$16,000 \$136,000  \$1,889,000



### PROJECT DESCRIPTION

This project is located in San Diego County in Chula Vista, National City, and San Diego on Route 805 from 0.3 km south of H Street Overcrossing to Market Street Overcrossing and on Route 94 from Route 5/94 Separation to Route 94/15 Separation. The project rehabilitated the pavement, widened shoulders, and upgraded the drainage system.

### FUNDING STATUS

The project combined projects (EA 11-053901 for \$710,000 and EA 11-228201 for \$750,000) for ease of construction. The project was allocated \$1,460,000 for construction in FY 1999-00, and was awarded in June 2000 to Weir Construction Corporation for \$1,582,000 after applying Resolution #G-12 allocation adjustment. An additional Resolution #G-12 allocation for \$155,000 was also used

FUNDING STATUS (Con't)

to fund various contract change orders ranging from drainage work, traffic control, and removal of unsuitable materials. This request for \$152,000 in additional funds results in an overall cost increase of 29% over the voted amount of the combined project.

REASON FOR INCREASE

The construction of this project was completed and accepted on February 1, 2001. On March 23, 2001, the contractor submitted claims totaling \$807,756 in Exceptions to the Proposed Final Estimate (PFE). Some of the claims included damages resulting from project delay, uncompensated item, and extra work. Upon receiving the contractor's exceptions to the PFE, it was determined by the Department that some of the claims are warranted and had compensated the contractor accordingly. While the Department paid for the direct costs involved with the extra work, the indirect impact cost was not addressed, prompting the contractor to pursue further legal avenues.

The Department followed the Claims Resolution process as described in Section 9-1.07B, "Final Payment and Claims" of the Standard Specifications. The Board of Review was not able to resolve the contractor's claims. On March 5, 2002, Weir Construction Corporation filed for arbitration. The arbitration hearing was scheduled for February 2, 2003, however, prior to the arbitration, both parties agreed to resolve the claim through mediation. As the result, the Department and the contractor agreed to resolve all claims for \$152,000 including interests. This supplemental funds request is necessary to pay the contractor for claims settlement. The contractor has completed the construction work and additional funds are needed to close out this contract.

FUNDING OPTIONS

OPTION A: Approve this request as presented above for \$152,000 to allow the close-out of the project.

OPTION B: Since all work has been completed and the contract is accepted, denial of this request would most likely result in the contractor pursuing further legal actions to recuperate the cost. The future costs to resolve these issues would most likely be greater than the current request.

RECOMMENDED OPTION

The Department recommends OPTION A, as presented above for \$152,000, to allow the close-out of this project.